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EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

March 17, 1954

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Security Requirements for Government Employment

REFERENCES: A. Executive Order 10450, dated April 27, 1953
B. Memo for NSC from Executive Secretary, same subject, dated March 15, 1954

The enclosed summary report by the Civil Service Commission of operations under the reference Executive Order, especially with respect to Section 14, is transmitted herewith for the information of the National Security Council in connection with its discussion of the subject at the Council meeting on Thursday, March 18. This summary is based on the full report transmitted by the reference memorandum.

Attention is invited to the proposals and recommendations contained on page 6 of the summary report.

The Civil Service Commission has also requested that the figure "492" in paragraph (3), page 4 of the full report be corrected to read "429", to correspond with the figure set forth in Exhibit 3 attached to the report.

James S. Lay, Jr.
JAMES S. LAY, Jr.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Director, Bureau of the Budget
The Chairman, Civil Service Commission
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence
The Chairman, Interdepartmental Intelligence Conference
The Chairman, Interdepartmental Committee on Internal Security

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UNITED STATES CIVIL SERVICE COMMISSION

Washington, D. C.

National Security Council

Subject: U. S. Civil Service Commission Summary Report
of operations and recommendations pursuant to
Section 14, Executive Order 10450, "Security
Requirements for Government Employment."

A. Introduction

1. Executive Order 10450 was signed April 27 and became effective May 28, 1953. It established an employee security program in place of a Loyalty Program carried on under Executive Order 9835 issued by President Truman in 1947. The new order extended the security program already in effect at that time in a number of agencies under Public Law 733, to all agencies of the government, and to all federal employees.
2. Under Executive Order 10450:
 - a) The head of each agency is responsible for the security of his agency as it relates to government employees, for keeping investigative reports confidential, for designating persons to serve as hearing board members, and for furnishing information to and cooperating with the Civil Service Commission.
 - b) The Attorney General is responsible for full field investigations made through the FBI, maintaining a list of subversive organizations, advising agencies on their security programs, and supplying sample regulations to agencies under the security program.
 - c) The Civil Service Commission is responsible for conducting investigations, maintaining a security investigations index, keeping a roster of hearing board personnel, and for studying the administration of the program under Section 14 of the order.

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B. Operations under Section 14

1. Under Section 14 of Executive Order 10450 the Civil Service Commission makes a continuing study to determine whether there are any deficiencies that might weaken the national security or tendencies to deny the individual employee fair treatment under the Constitution, appropriate laws and this order, and reports to the National Security Council.
2. Any determination under Section 14 as to deficiencies or tendencies depends upon:
 - a) whether the agencies are organized to carry out the program
 - b) whether the agencies are carrying out the program
 - c) whether an appraisal of operations to date is indicative of deficiencies or tendencies.
3. Agencies are organized to carry out the program:
 - a) 66 departments and agencies have issued personnel security regulations, and the majority of these have been reviewed by the Department of Justice. Because of certain special situations regulations have not been issued by some agencies.
 - b) All departments and agencies now have security officers designated.
 - c) The Civil Service Commission has prepared qualification standards, after consultation with the Interdepartmental Committee on Internal Security, for personnel security officers.
 - d) Security hearing board rosters have been established but the number of persons designated is still insufficient for various reasons. The Commission has this in hand and the agencies are cooperating.
4. Agencies are carrying out the program, but there are various difficulties:
 - a) There is still confusion as to what constitutes a sensitive position and the amount of investigation that is required in each case. It is up to the head of the agency to determine the

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degree of sensitivity and the degree of investigation. There is a danger that, under pressure to get the job done, a lesser investigation might be authorized in order to meet budget limitations.

- b) Most agencies now have an adequate reporting system, and have a program for handling security hearings. The Department of Defense, principally the Army and the Air Force have found difficulty in extending the new security reporting system to field installations.
- c) There is still some difficulty in defining a "security risk." Both the Civil Service Commission and the Department of Justice are currently working on a clarification of this issue. Plans are being made to avoid duplication between the Commission's determination of suitability and the agency's determination of a security risk.
- d) Every effort is being made to clear up investigations by the end of this fiscal year, complete adjudications by September 30, and finish sticky cases that require extended hearings by December 31, 1954.

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5. Appraisal of operations to date:

- a) The Civil Service Commission has made initial inspections of security operations in the following departments and agencies:

Civil Service Commission
Government Printing Office
Department of the Air Force
Veterans Administration
Interior
National Advisory Committee for Aeronautics
Department of the Navy
Department of the Army
U. S. Post Office Department
Federal Trade Commission

- b) Inspections in progress:

Housing and Home Finance Agency
Federal Mediation and Conciliation Service
Department of State

- c) The initial inspections of the departments and agencies have the following objectives:

- (1) The examination of organizational structure, procedures and regulations pertaining to personnel security.
- (2) The examination of the records systems maintained.
- (3) The number and method of designating sensitive positions.
- (4) Progress made in reviewing and evaluating or adjudicating pending loyalty and security cases.
- (5) Assisting agencies with their personnel security problems.
- (6) The identification of tendencies in agency practices to deny individual employees fair treatment.

6. Comments and observations based on initial inspections completed (Because of the short time this program has been in operation it is difficult to tell if these denote real "deficiencies"):

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- a) In the Department of the Army the multiplicity of adjudicative and review actions (in some instances eight levels including three boards) delay operations under the security program. This has been called to the attention of the Secretary and the Attorney General.
- b) In at least one case a hearing board has not abided by proper procedural rules, resulting in unfairness to employees and delay in arriving at final determinations. The Commission has issued its own handbook on how to handle hearings.
- c) Inspections indicate that certain departments and agencies have been slow to begin operations under the program, due in most cases to lack of trained personnel, lack of funds, and lack of education as to the concept and purposes of the new program.
- d) By and large departments and agencies are making an honest effort to apply the standards of the new order.
- e) Security procedures in the agencies conform to the Executive Order and regulations except for the military departments where marked divergencies were noted with respect to the investigative requirements for sensitive positions.
- f) There is a lack of trained evaluators to review and readjudicate cases. Steps are being taken to train more.
- g) In some cases the head of the agency has not delegated sufficient authority to subordinate officials to suspend employees promptly, resulting in delay and possible danger.

7. Protection of employees rights:

- a) Under Section 7 of Executive Order 10450 an employee may appeal to the Commission for a clearance of his record. For the period from May 28 to December 31, 1953, eight such cases have been received requesting clearance of record for reemployment purposes. None of these cases have been finally decided.
- b) A number of individual employees have consulted the Commission to discuss security action taken in their cases. Except in one instance there has been no indication of any tendencies toward

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unfairness. In this one case which the Commission is now investigating an employee has been suspended without pay since August 21, 1953.

- c) Various private individuals have called the attention of the Commission to individual cases which were believed to be inequitable or unjust. These are being followed up.

C. Proposals and Recommendations

1. It is believed that the current difficulties with the program, principally in the fields of definition, interpretation and reporting, can be resolved with the assistance of the Attorney General and with the co-operation of the heads of the departments.
2. The program has not yet progressed far enough to indicate any major deficiencies or tendencies which would require action by the National Security Council.
3. It is recommended that no publicity be given to either the summary report or to the complete report for the period, October 1 to December 31, 1953.

D. Statistics reflecting number of separations and the breakdown by types of derogatory information.

- (1) Total number of employees involuntarily separated because of acts, activities, behavior, or associations, falling in any one or more of the categories set forth in Section 8(a) of E.O. 10450, as amended, regardless of whether such separation was effected under Public Law 733, 81st Congress, or under other authority 1,086
- (2) Total number of employees whose files contained information of acts, activities, behavior, or associations, falling within any one or more of the categories set forth in Section 8(a) of E.O. 10450, as amended, and whose employment terminated after May 27, 1953, and prior to January 1, 1954, by resignation, regardless of whether such resignation took place before or after charges 1,400
- (3) Number of employees in Items (1) & (2) above whose files contained information

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of acts, activities, behavior, or association falling within any one or more of the categories set forth in paragraphs (2) through (8), inclusive, of Section 8(a) of E.O. 10450, as amended

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- (4) The number of employees included in Items (1) and (2) whose files contained information of sex perversion 207
- (5) The number of employees included in Items (1) and (2) whose files contained information of conviction of felonies or misdemeanors 636
- (6) The number of employees included in Items (1) and (2) whose files contained any other type or types of information described in Section 8(a) of E.O. 10450 1,455

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